

BEFORE THE
Federal Communications Commission

ORIGINAL

WASHINGTON, D. C.

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In the Matter of)
)
Market Entry and Regulation of) IB Docket No. 95-22
Foreign-affiliated Entities) RM-8355
) RM-8392

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TO: The Commission

MAR 13 1996

REPLY OF WORLDCOM, INC.

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

WorldCom, Inc. ("WorldCom"), by its attorneys, hereby
replies to AT&T Corp.'s opposition to WorldCom's petition seeking
clarification or reconsideration of the Commission's Report and
Order (FCC 95-475) released on November 30, 1995 in the above-
captioned proceedings. In its petition, WorldCom asked the
Commission to clarify that a U.S. facilities-based carrier may
interconnect an international private line ("IPL") with the public
switched network at one end, without obtaining separate Section
214 authority or showing equivalency, where the foreign
correspondent is a non-dominant, U.S.-affiliated carrier that owns
the foreign half-circuit facilities. AT&T opposes this
clarification on the ground that it would "limit the Commission's
protections against one-way settlements bypass." See AT&T
Opposition at 5.

The Commission should grant the clarification requested
by WorldCom. That clarification does not enlarge the Commission's
policy regarding one-end IPL interconnection services. Rather, it
merely clarifies that U.S. carriers who begin providing such
services through the lease of foreign half-circuit facilities may
continue providing such services through ownership of the foreign

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half-circuit facilities when ownership becomes permissible in the foreign market. This clarification is consistent with the Commission's stated policy goals of promoting full facilities-based competition in foreign markets and the entry by U.S.-affiliated carriers into those markets. AT&T offers no policy rationale for forcing U.S.-affiliated foreign carriers to continue using leased facilities to provide such services when ownership becomes a lawful option under foreign laws and policies.

AT&T argues that U.S.-affiliated foreign carriers who may own the foreign half-circuit facilities should be prevented from providing one-end IPL interconnection services as an incentive for them to establish cost-based accounting rates for switched services. See AT&T Opposition at 5. However, AT&T ignores that foreign countries may permit U.S.-affiliated carriers to own international transmission capacity without permitting them to provide switched services subject to accounting rates. In Europe, for example, alternative infrastructure providers are scheduled to be authorized by July 1, 1996, while the liberalization of basic voice services is not scheduled until 18 months later on January 1, 1998.

Further, AT&T ignores the extent to which U.S.-affiliated foreign carriers may be subject to foreign laws and policies requiring uniform accounting rate arrangements. In some countries, new entrants are precluded from negotiating separate accounting rate agreements. See AT&T Supplemental Comments, CC Docket No. 90-337, Phase II, filed Feb. 26, 1996, at 28 n.29 (Japan permits only one carrier to negotiate accounting rates).

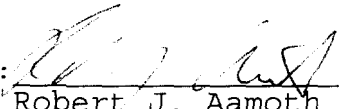
Therefore, even when a U.S.-affiliated foreign carrier can provide switched services over international facilities which it owns, it does not follow that such carrier is free to establish its own accounting rates. Rather than establish the artificial and self-defeating restrictions urged by AT&T, the Commission should encourage non-dominant U.S.-affiliated foreign carriers to impose downward pressure upon accounting rates and foreign collection rates through one-end IPL interconnection services regardless of whether they lease or own the foreign half-circuit facilities.

For the foregoing reasons, the Commission should grant WorldCom's petition.

Respectfully submitted,

WORLDCOM, INC.

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March 13, 1996

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CERTIFICATE OF SERVICE

I, Regina A. Alston, do hereby certify that I have this 13th day of March, 1996, sent a copy of the foregoing **"Reply of WorldCom, Inc."** via first-class U.S. mail, postage prepaid, except as otherwise noted, to the following parties of record in this proceeding:

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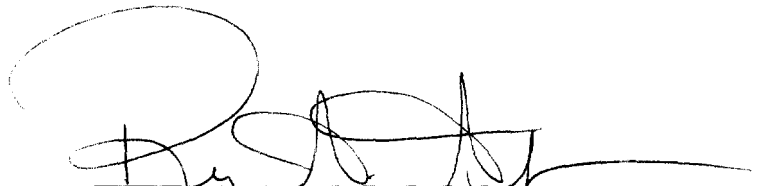
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